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# **National Intelligence Bulletin**

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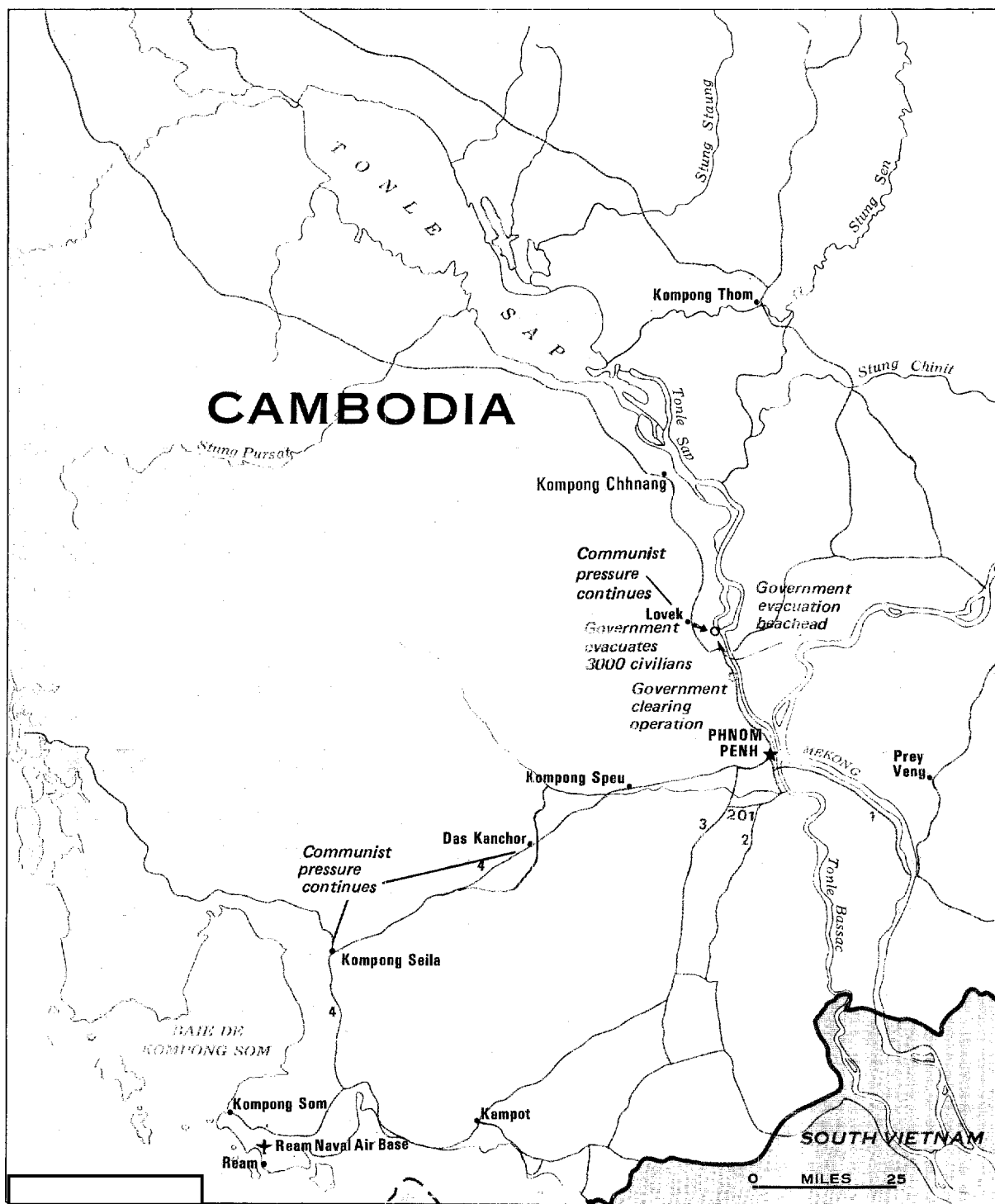
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CAMBODIA

Evacuation of civilians from the besieged government enclave at Lovek, 25 miles northwest of Phnom Penh, has begun.

Government forces, accompanied by approximately 3,000 civilians, this weekend succeeded in clearing a corridor from Lovek to a beachhead on the Tonle Sap River. The civilians subsequently embarked on junks en route upstream to Kompong Chhnang.

Khmer Communist forces offered no significant opposition to the evacuation operation, but they did keep up pressure against the large number of civilians and military personnel still at Lovek.

Elsewhere in the Phnom Penh area, government forces continued their slow advance along Route 5 north of the capital against increasingly stiff insurgent resistance.

In southwestern Cambodia, the isolated government garrisons at Kompong Seila and Das Kanchor continue to hold out against persistent insurgent shelling attacks and ground probes. Meanwhile, government reinforcements from Kampot are en route to Kompong Som--the country's only deepwater port. The recent fall of a small outpost near Kompong Som has heightened government fears of Communist actions against the port city and the nearby naval air base at Ream.

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### EGYPT-USSR

Egyptian Foreign Minister Fahmi reportedly has postponed his announced visit to Moscow during which he was to make arrangements for an Egyptian-Soviet summit. Akhbar al-Yawm editor Ali Amin, a leading Cairo columnist, reported on June 15 that the trip would be postponed for at least a month because Fahmi intends to visit West Germany, Romania, and the US during July.

Both Ali Amin and his brother Mustafa, who writes for the same paper, stressed, however, that Egypt's friendship with the US has not come at the expense of the Soviets. The two brothers emphasized that neither the postponement of Fahmi's travel plans nor President Nixon's visit to Egypt signifies a lessening of the desire of the USSR and Egypt to "open a new page in their relations." [REDACTED]

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SPAIN

Prime Minister Arias in a nationally broadcast speech on June 15 attempted to clarify to his critics the limits and goals of the government's political liberalization program. Arias reiterated his intention to establish political party-like associations, the key element of the program announced last February. He weakened the appeal of this liberalizing proposal, however, by stressing that the associations must come within the framework of the National Movement, which was established by Franco as Spain's sole political organization. While affirming the Movement's political primacy, Arias stated that there is room for diversity of opinion within it.

Even this modest support for liberalization is surprising in view of Madrid's concern over the fall of the authoritarian regime in Portugal. By not setting any timetable for the establishment of associations, however, Arias made it clear that political reforms will move slowly. Of the several liberalizing measures he announced last February, only the bill providing for the direct election of mayors has been sent to parliament for final action.

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### CYPRUS

Forces opposed to President Makarios and in favor of union with Greece are once again resorting to violence. In recent days there have been a number of bombings and a shooting incident that have been blamed on the remnants of the once potent and now officially outlawed opposition group that was led by the late General George Grivas.

Cypriot police forces have been arresting members of that organization, and Makarios has accused the Greek government of attempting to supply them with arms. Makarios' dispute with Athens is sharpened by the open involvement in opposition activities by some Greek officers in the Cyprus national guard. Athens has been asked to remove a number of these men from the island.

Cypriot national police forces are probably capable of overcoming a direct threat to Makarios' rule by rightist opposition elements on Cyprus. Additional Greek Cypriot turmoil is a likely possibility, however, and further intra-Greek violence might spill over to the Turkish Cypriot community. [REDACTED]

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### USSR

Premier Kosygin and government leaders from Moscow's eight CEMA partners will gather in Sofia from June 18 to 20 for the 28th session of the Council of Mutual Economic Assistance.

Final CEMA approval is expected on important multi-lateral projects worked out in recent months for the development of raw material and energy resources:

- Construction of a huge steel complex at Kursk in the USSR.

- Expansion of Soviet natural gas exploitation at Orenburg and construction of a pipeline from there to Eastern Europe.

- Construction of a new high-voltage power line connecting the Soviet European grid with that of Eastern Europe.

The East Europeans are investing heavily in Soviet raw material resources. Some 30 other projects involving the development of Soviet resources are under consideration. These investments will tie the East Europeans closer to the USSR, but they will also assure them of long-term sources of raw materials.

The participants doubtless will applaud the progress made during the last year in diversifying the forms of economic integration. Three new international economic associations have been created. These associations coordinate activity at the enterprise rather than governmental level, and promise more flexibility in the CEMA intergovernmental machinery.

There is apt to be little progress, however, toward increasing the use of financial and monetary tools in intra-CEMA dealings. The tentative agreement made last year to revise the exchange rate of national currencies and the transferrable ruble, CEMA's common accounting

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unit, seems to have run into the expected problems. Moscow continues to oppose necessary monetary reforms, partly because these could give its CEMA partners greater economic flexibility in dealings with the West.

The participants probably will have to deal with problems that have arisen in the effort now under way to coordinate national economic plans for 1976-80. One particularly thorny issue is the revision of CEMA's foreign trade prices, which is done before each five-year plan period. The East Europeans expect that the Soviets will demand large increases in the prices of Soviet raw materials--particularly oil. They will work to keep these increases as low as possible so as to avoid undue strains on their economies.

The government leaders will undoubtedly consider tactics to be used in CEMA's effort to establish a dialogue with the EC. CEMA Secretary General Fadeyev recently indicated, however, that CEMA is not yet willing to apply for direct contact with the EC Commission, which the EC considers essential before actual negotiations get under way.

Bucharest seems prepared to play its usual role as a maverick, judging by recent commentaries on CEMA in which it strongly restated its views on the acceptable limits of economic integration. It is not clear, however, what specific issues, or proposed joint projects, have upset the Romanians recently. [REDACTED]

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### NORTH YEMEN

Colonel Hamdi is now in full control of the country. On Saturday, tribes that had earlier threatened to occupy the capital pledged their support of Hamdi's Command Council. Important tribal groups subsidized by Saudi Arabia, led by Sheikh al-Ahmar, head of the dissolved consultative assembly, fell into line when the Saudis announced their support for the new North Yemeni leadership.

Observing the rules of Sana politics, Hamdi is moving to strike a balance in the power structure by bringing into the government and the Command Council representatives of the disparate tribal and political interests. For example, he is offering senior posts to two former prime ministers: Hajri, a Saudi favorite; and Al-Ayni, a close political ally of moderate former president Iryani whom the Saudis distrust because of his leftist reputation.

South Yemen thus far shows no sign of trying to influence the new situation in the north. Perhaps chastened by Saudi warnings against intervention in North Yemen, South Yemen's President Ali characterized the army's takeover of the Sana government as an "internal matter." Ali made the remark during a visit to Aden Saturday by an emissary from Colonel Hamdi, who presumably wants to dispel notions among leaders in the south that the North Yemeni military junta might try to increase tensions along the border.

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### FOR THE RECORD

Cambodia: Prime Minister Long Boret announced the formation of a new government yesterday. The bulk of the new cabinet is made up of members of Lon Nol's Socio-Republican Party and independents, while the key portfolios of defense and foreign affairs remain in the hands of holdovers from the previous cabinets.

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